

STATE EMPLOYEE INJURY COMPENSATION TRUST FUND

The State Employee Injury Compensation Trust Fund (SEICTF) pays medical costs for on-the-job injuries and compensates injured employees for resulting lost work time. This program is similar to the private sector workers' compensation program.

In 2002:

\$442,114 was recovered from excess insurance carriers and refunded to self-funded agencies.

Subrogation recoveries exceeded \$147,000.

There was no increase in rates charged to client agencies. Rates charged are about half the NCCI loss cost rates for private sector workers compensation in Alabama.

There was no increase in administration fees charged to self-funded client agencies.

Claim management was transitioned from a contracted third party administrator to a staff of merit system employees, saving thousands of dollars annually in administrative costs. SEICTF operations were successfully relocated to a larger and more efficient facility.

More than 1,700 doses of Hepatitis B vaccine were administered to employees of the Departments of Corrections and Public Safety who are at risk for exposure to blood and other infectious materials.

RISK MANAGEMENT SERVICES

Pursuit Driver Training Courses for covered law enforcement personnel are available to state agencies through DORM.

A Boiler Operator Training Course for boiler operators and maintenance personnel is conducted annually at no cost for agencies which participate in the State Insurance Fund. The course focuses on proper maintenance and safe operation of pressurized equipment. The 2002 course was attended by more than 100 agency representatives.

More than 2,800 boilers and other items of pressurized equipment were inspected during 2002. These inspections assist agencies in identifying and correcting conditions that could result in sudden breakdown, property damage and personal injury.

Two seminars for state attorneys who defend General Liability Trust Fund cases were co-sponsored by DORM and the Office of the Attorney General.



THE EMPLOYEE ASSISTANCE PROGRAM

The State Employee Assistance Program (EAP) provides services to 112 state agencies and departments covering more than 22,800 employees and family members.

The EAP operates similarly to most broad based EAP services in the private sector. The program is designed to help employees become more effective in their job performance by providing professional, confidential counseling and assistance with various problems. EAP deals with issues such as supervisor/employee conflict, personal finances, marital and family disruptions, drug and alcohol abuse, and emotional and mental stresses.

In 2002:

- There were 123 intake assessments, 228 cases overall and 333 follow-up visits. A total of 712 service hours were provided to clients.
- Females represented 59% of clients, males 41%. Family members of employees represented 15% of total participation.
- 47% of clients were minority individuals.
- Emotional problems were the most frequent primary issue for clients (39%), followed by work-related issues (17%) and family issues (16%).
- 23% of clients had 16 or more years of state service.
- Supervisor/employee conflict was the most frequently reported work performance problem, followed by (2) problems with fellow employees and (3) quality/quantity of work performed.
- 35% of clients became aware of the program's services through their supervisor.
- 29% of clients had some college education, 31% had a college degree, and 10% had an advanced degree.

STATE INSURANCE FUND INVESTMENT NOTES

Status - September 30, 2002	<u>2002</u>	<u>2001</u>	<u>% Change</u>
Alabama Incentives Financing Authority	\$33,366,000	\$32,865,000	1.5
Government National Mortgage Association	5,564,779	6,215,625	(10.5)
Other Government Agencies	21,124,650	20,201,638	4.6
Commercial Paper	6,076,069	6,376,301	(4.7)
Corporate Bonds and Notes	1,051,949	3,473,841	(69.7)
Common and Preferred Stock	5,208,827	7,218,914	(27.8)
Total Cash Securities	\$72,392,274	\$76,351,319	(5.2)
Real Property (Buildings Depreciated)	18,169,540	18,527,824	(1.9)
Total Investments	\$90,561,814	\$94,879,143	(4.6)

Investment Income

Interest Earned	\$3,376,273	\$4,749,093	(28.9)
Change in Fair Value of Investments	(4,574,359)	(3,376,229)	(35.5)
Stock Dividends	82,862	140,601	(41.1)
Amortization/Depr Income	(190,179)	(344,958)	(44.9)
Rental Income	729,189	738,209	(1.2)
Total Investment Income	(\$576,214)	\$1,906,716	(130.2)

**STATE INSURANCE FUND
BALANCE SHEET
UNAUDITED
AS OF SEPTEMBER 30, 2002**

ASSETS	FY 2002	FY 2001	FY 2000
Cash and Cash Equivalents	\$1,546,610	\$1,073,425	\$966,330
Accounts Receivable - Premium	435,290	10,417	4,456
Accrued Interest Receivable	529,213	533,176	646,602
Investments:			
Securities	39,026,274	43,486,319	41,956,112
Alabama Incentives Financing Authority	33,366,000	32,865,000	32,372,000
Real Estate	18,169,540	18,527,824	18,589,101
Prepaid Insurance	4,281,875	2,520,625	2,093,301
Fixed Assets (Net)	89,038	131,123	171,455
TOTAL Assets	\$97,443,840	\$99,147,909	\$96,799,357
LIABILITIES & FUND EQUITY			
Current Liabilities:			
Accounts Payable	\$191,280	\$57,939	\$19,388
Premium Adjustment Modification			736
Total Current Liabilities	191,280	57,939	20,124
Liabilities for Unpaid Claims:			
Unpaid Claims & Expenses	7,121,103	6,551,521	5,553,594
Claims Incurred But Not Reported	733,062	1,463,587	1,453,595
Total Claim Liabilities	7,854,165	8,015,108	7,007,189
TOTAL Liabilities	8,045,445	8,073,047	7,027,313
Fund Equity:			
Contributed Capital	460,000		
Fund Balance	88,938,395	91,074,862	89,772,044
	89,398,395	91,074,862	89,772,044
TOTAL Liabilities & Fund Equity	\$97,443,840	\$99,147,909	\$96,799,357

**STATE INSURANCE FUND
STATEMENT OF REVENUE AND EXPENSES
UNAUDITED
SEPTEMBER 30, 2002**

	<u>FY 2002</u>	<u>FY 2001</u>	<u>FY 2000</u>
REVENUES:			
Earned Premiums	\$12,360,840	\$11,504,086	\$10,611,168
Recoveries	16,451	28,529	91,560
Investment Income	(576,214)	2,366,716	4,856,766
Other Income	97,371	3,188,538	348,119
TOTAL REVENUES	\$11,898,448	\$17,087,869	\$15,907,613
EXPENSES:			
OPERATION:			
Loss and Adjustment Expenses	\$8,519,351	\$10,687,754	\$6,044,505
Incurred But Not Reported Expense	(730,525)	9,992	112,975
Reinsurance Expense	6,818,750	4,625,350	3,720,562
Actuarial Services	12,130	11,560	11,030
Investment Expenses	222,588	182,429	236,109
Prior Period Adjustments			58,984
Legal Fees (Cost Allocation Defense)	153,616	274,053	174,188
Total Operation	14,995,910	15,791,138	10,358,353
ADMINISTRATION:			
Personnel Salaries	638,362	574,825	544,527
Employee Benefits	156,357	134,328	121,664
Travel In-State	34,088	32,440	36,787
Travel Out-of-State	3,339	3,000	3,000
Repairs and Maintenance	21,058	624	6,199
Rentals and Leases	2,424	2,764	3,658
Utilities and Communication	19,885	14,970	13,456
Professional Services - Non-Claim	108,501	149,291	66,416
Supplies, Materials & Operating Expense	191,706	32,246	25,180
Transportation Equipment Operations	8,305	8,243	10,000
Depreciation Expense	57,624	70,946	74,910
Total Administration	1,241,649	1,023,677	905,797
TOTAL EXPENSES	16,237,559	16,814,815	11,264,150
NET REVENUES	(\$4,339,111)	\$273,054	\$4,643,463